

Total (A)
25

Name: _____

Unit #1: Introduction to Accounting for a Service Business
Chapter 5: The Expanded Ledger: Revenue, Expenses, and Drawings
In – Class Assignment

Dorian Gray runs his own digital design company called Designs By Dorian. Mr. Gray needs to prepare an **income statement** for his investors. The following describes the business transactions that were made by the company for the year ending December 30th, 2016:

Transactions

1. Total sales and services rendered equalled \$107,416.
2. Purchased advertising for \$1,150.
3. Paid \$1,750 in bank charges.
4. \$4,300 was paid to repair a company vehicle.
5. Paid \$5,000 in gas and travel expenses
6. Mr. Gray withdrew \$18,076 from the business for personal use.
7. The company used \$15,900 for project material purchases.
8. Spent \$257 on miscellaneous expenses over the course of the year.
9. Paid \$250 for telephone expenses incurred throughout the year.
10. The company paid \$3,975 for utilities expenses.

Instructions:

1. Create an **income statement** using the template provided
2. Record the above transactions as either revenues or expenses using the appropriate entry names.
3. Calculate the total revenues and total expenses.
4. Use these numbers to determine the net income of the company (be sure to indicate a net loss by putting brackets around the net income amount).
5. Use proper income statement formatting and ensure revenue and expense amounts are recorded in the proper columns.